

NON-TRIBAL COMMERCIAL GAMBLING EXPANSION. TRIBAL GAMING COMPACT AMENDMENTS. REVENUES, TAX EXEMPTIONS. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

Non-Tribal Commercial Gambling Expansion. Tribal Gaming Compact Amendments. Revenues, Tax Exemptions. Initiative Constitutional Amendment and Statute.

- Authorizes Governor to negotiate tribal compact amendments requiring that Indian tribes pay 25% of slot machine/gaming device revenues to government fund, comply with multiple state laws, and accept state court jurisdiction.
- If compacted tribes don't unanimously accept required amendments within 90 days, or if determined unlawful, authorizes sixteen specified non-tribal racetracks and gambling establishments to operate 30,000 slot machines/gaming devices, paying 33% of net revenues to fund government public safety, regulatory, social programs.
- Provides exemption from specified state/local tax increases.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased gambling revenues—potentially over \$1 billion annually. The revenues would be provided primarily to local governments throughout the state for additional child protective, police, and firefighting services.
- Depending on outcome of tribal negotiations, potential loss of state revenues totaling hundreds of millions of dollars annually.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

The California Constitution and state statutes specify the types of legal gambling that can occur in California. For instance, current law allows wagering on horse races and certain games in licensed card rooms. In addition, Indian tribes with tribal-state gambling compacts can operate slot machines and certain other casino-style gambling in California.

Card Rooms and Horse Racing

Card Rooms. The state allows card rooms to conduct card games where the card room operator has no stake in the outcome of the game. The players play against each other and pay the card room a fee for the use of the facilities. Typical card games include draw poker, 7-card stud, and poker pai gow. Certain games—such as twenty-one—are prohibited. There are 96 licensed card rooms in the state. Local governments approve card rooms, as well as establish the hours of operation, the number of tables, and wagering limits. Current state

law limits the expansion of both the number of card rooms and the size of existing card rooms until January 2010.

Horse Racing. The state issues licenses to racing associations that then lease tracks for racing events. In California, there are 6 privately owned racetracks, 9 racing fairs, and 20 simulcast-only facilities. (These latter facilities do not have live racing; instead, they allow betting on televised races occurring elsewhere in the world.)

Gambling on Indian Land

Federal law and the State Constitution govern gambling operations on Indian land. Tribes that enter into a tribal-state gambling compact may operate slot machines and engage in card games where the operator has a stake in the outcome, such as twenty-one. Currently, 64 tribes have compacts and operate 53 casinos with a total of more than 54,000 slot machines. Any new or amended compact must be approved by the